

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1583 – SB 1666

March 1, 2018

SUMMARY OF BILL: Requires residential mental health facilities that contract with the Department of Children's Services (DCS) for the provision of services to children in state custody to receive from the DCS at least the average daily rate (ADR) of education funding provided by the Commissioner of the Department of Education (DOE) pursuant to Tenn. Code Ann. § 49-3-363(a), provided that any such facility is approved as Category I Special Purpose Schools and provides a minimum of 16.5 hours per week of education to their admitted students.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$1,805,700

Assumptions:

- Under current law, Tenn. Code Ann. § 49-3-363, whenever the education of a child becomes the state's direct responsibility for any reason, the Commissioner of the DOE shall pay to the state agency responsible for the child, or as may be otherwise directed in the general appropriations act, an amount equal to the state funds, plus the local funds that would otherwise be expended on the child had the child not been placed under state care. The total amount of the payments shall be deducted by the Commissioner from the total state payments that would otherwise be made under this part to the LEA that would be responsible for the child's education had the child not been placed under the state's direct responsibility.
- The DCS received \$10,800,000 in Basic Education Program (BEP) funding from the DOE in FY17-18.
- The ADR of education funding for FY17-18 is \$45. This number is assumed to remain constant into perpetuity.
- There are currently 1,177 children receiving educational services from residential mental health facilities that are approved as Category I Special Purpose Schools and provide a minimum of 16.5 hours per week of education to their admitted students. This number is assumed to remain constant into perpetuity.
- BEP funding is based on a 180-day school year. All DCS contracted facilities that offer educational services operate on a 238-day schedule.
- Based on information provided by the DOE, and pursuant to Tenn. Code Ann. § 49-3-363(a), the DOE would not provide any additional BEP funding to DCS to account for the difference in school calendars.

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- Passage of this legislation will require total education funding to the DCS to increase to \$12,605,670 (\$45 per day x 1,177 children x 238-day schedule), part of which would consist of current BEP funding of \$10,800,000.
- The recurring increase in state expenditures to provide at least the ADR of education funding to these facilities is estimated to be \$1,805,670 (\$12,605,670 - \$10,800,000).
- Pursuant to Tenn. Code Ann. § 49-3-363, it is assumed that no additional funds will be taken from respective local education agencies to fund this legislation. As a result, a recurring appropriation from the General Fund to DCS would be required to fund this legislation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/vlh